

Financial Statement for the Six Months Ended September 30, 2018

November 13, 2018

Name of listed company: Mipox Corporation
 Stock Code: 5381 (URL <http://www.mipox.co.jp>)
 Name and Title of Representative: Jun Watanabe, President
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 Quarterly Report Filing Date (as planned): November 13, 2018

Stock Exchange: Tokyo Stock Exchange, Inc. JASDAQ

1. Consolidated Financial Result for the Six Months Ended September 30, 2018 (April 1, 2018 – September 30, 2018)

(1) Consolidated Operating Result		(Figures are rounded down to the nearest million) (% implies the rate of increase/decrease year-on-year)							
	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	
September 30, 2018	3,806	△3.3	1	△99.5	54	△77.5	3	△97.5	
September 30, 2017	3,934	43.2	301	—	240	—	151	—	
Note: Comprehensive Income:		△2 million yen (—%) for the six months ended September 30, 2018 225 million yen (—%) for the six months ended September 30, 2017							

	Net Income or, Net loss (△) Per Share		Net Income or, Net loss (△) Per Share(diluted)	
	Yen		Yen	
September 30, 2018	0.33		0.33	
September 30, 2017	14.43		14.41	

(2) Consolidated Financial Position

	Total Assets	Total Net Assets	Shareholders' Equity Ratio
	Millions of Yen	Millions of Yen	%
September 30, 2018	13,907	5,445	39.1
March 31, 2018	12,067	4,865	40.2

(Note) Equity capital (Millions of Yen): As of September 30, 2018 5,441
 As of March 31, 2018 4,856

2. Status of Distribution

	Dividends per share					
	First quarter end	Second quarter end	Third quarter end	Year end	Full year	
	Yen		Yen		Yen	
FY2018	—	—	—	10.00	10.00	
FY2019	—	—	—	—	—	
FY2019 (Expected)	—	—	—	10.00	10.00	

Note: Revisions to dividend forecasts published most recently: None

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2019 (April 1, 2018 – March 31, 2019)

(%changes as compared with the previous fiscal year and the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income Per Share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full FY2019	7,900	0.9	236	△38.8	270	△17.4	176	△33.4	15.58

(Note) Revision of forecast for dividends published most recently: Yes

Notes: Request for appropriate use of the business outlook and other special remarks

Forecasts are based on information available to the management at the time of an announcement. Forecasts contain a lot of the element of the uncertainty. Actual results may differ from the figures provided above due to changes in business conditions.

4. Others

(1) Change in important subsidiaries during the period (Changes in certain specified subsidiaries resulting in revised scope of consolidation): None

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(2) Adoptions of simplified accounting methods and accounting methods particular to the presentation of quarterly financial statements: None

(3) Changes in accounting principles, presentation methods, etc., pertaining to preparation of consolidated financial statements

(Those to be stated as significant accounting policies)

1. Changes associated with revision in accounting standards: None

2. Others changes: None

(4) Shares outstanding

1. Numbers of shares outstanding (including treasury stock)

September 30, 2018	12,081,920	March 31, 2018	10,841,920
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2. Numbers of treasury stock

September 30, 2018	274,548	March 31, 2018	345,008
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3. Numbers of average shares outstanding (cumulative, consolidated at the end of the second quarter)

September 30, 2018	11,331,675	September 30, 2017	10,497,412
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Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	End of previous fiscal year (March 31, 2018)	End of second quarter of current fiscal year (September 30, 2018)
Assets		
Current assets		
Cash and deposits	3,165,583	4,205,108
Notes and accounts receivable - trade	1,893,426	1,937,458
Electronically recorded monetary claims - operating	179,367	116,195
Merchandise and finished goods	375,387	504,673
Work in process	1,274,953	1,486,688
Raw materials and supplies	412,317	532,537
Other	215,340	244,893
Allowance for doubtful accounts	-9,942	-5,814
Total current assets	7,506,434	9,021,742
Non-current assets		
Property, plant and equipment		
Buildings and structures	4,782,396	4,941,981
Machinery, equipment and vehicles	3,075,420	3,115,043
Land	1,173,043	1,183,021
Other	709,012	1,013,044
Accumulated depreciation	-6,219,268	-6,371,228
Total property, plant and equipment	3,520,603	3,881,863
Intangible assets		
Goodwill	262,140	246,253
Other	217,523	211,033
Total intangible assets	479,664	457,286
Investments and other assets		
Investment securities	10,000	10,000
Net defined benefit asset	307,828	306,485
Deferred tax assets	64,308	61,103
Other	232,789	169,659
Allowance for doubtful accounts	-54,131	-996
Total investments and other assets	560,794	546,251
Total non-current assets	4,561,062	4,885,401
Total assets	12,067,496	13,907,143

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of Yen)

	End of previous fiscal year (March 31, 2018)	End of second quarter of current fiscal year (September 30, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	646,692	845,923
Short-term loans payable	400,000	600,000
Current portion of bonds	243,200	243,200
Current portion of long-term loans payable	642,225	711,368
Accounts payable - other	692,954	1,248,589
Income taxes payable	59,291	52,385
Provision for bonuses	122,565	133,725
Provision for directors' bonuses	-	214
Provision for stocks payment	19,162	12,500
Other	207,465	314,388
Total current liabilities	3,033,557	4,162,295
Non-current liabilities		
Bonds payable	764,900	643,300
Long-term loans payable	2,838,533	2,810,386
Deferred tax liabilities	204,490	203,822
Net defined benefit liability	133,517	130,484
Other	226,670	511,323
Total non-current liabilities	4,168,111	4,299,316
Total liabilities	7,201,669	8,461,611
Net assets		
Shareholders' equity		
Capital stock	2,028,693	2,365,898
Capital surplus	1,586,986	1,921,342
Retained earnings	1,337,886	1,235,894
Treasury shares	-160,129	-139,117
Total shareholders' equity	4,793,436	5,384,017
Accumulated other comprehensive income		
Foreign currency translation adjustment	63,238	57,080
Total accumulated other comprehensive income	63,238	57,080
Subscription rights to shares	9,152	4,435
Total net assets	4,865,827	5,445,532
Total liabilities and net assets	12,067,496	13,907,143

Consolidated Financial Statements

(2) Consolidated Income Statements & Comprehensive Income

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2017 to September 30, 2017)	First six-month period of current fiscal year (April 1, 2018 to September 30, 2018)
Net sales	3,934,295	3,806,209
Cost of sales	2,415,230	2,520,857
Gross profit	1,519,065	1,285,352
Selling, general and administrative expenses	1,217,858	1,283,936
Operating income (loss)	301,206	1,415
Non-operating income		
Interest income	1,500	5,072
Dividend income	657	360
Insurance income	3,108	-
Foreign exchange gains	-	23,596
Insurance premiums refunded cancellation	3,479	-
Reversal of allowance for doubtful accounts	-	53,135
Other	3,187	5,221
Total non-operating income	11,932	87,385
Non-operating expenses		
Interest expenses	14,773	16,545
Commission fee	7,324	15,031
Bond issuance cost	8,545	-
Foreign exchange losses	22,992	-
Guarantee commission	2,422	2,332
Provision of allowance for doubtful accounts	11,378	-
Share of loss of entities accounted for using equity method	3,534	-
Other	1,427	822
Total non-operating expenses	72,398	34,732
Ordinary income (loss)	240,740	54,068
Extraordinary income		
Gain on sales of non-current assets	-	1,217
Gain on sales of investment securities	1,512	-
Gain on liquidation of subsidiaries	-	3,070
Total extraordinary income	1,512	4,287
Extraordinary losses		
Loss on retirement of non-current assets	8,064	223
Total extraordinary losses	8,064	223
Profit (loss) before income taxes	234,187	58,132
Income taxes - current	75,002	52,179
Income taxes - deferred	7,670	2,225
Total income taxes	82,672	54,404
Profit (loss)	151,515	3,727
Profit attributable to		
Profit (loss) attributable to owners of parent	151,515	3,727
Profit attributable to non-controlling interests	-	-
Other comprehensive income		
Valuation difference on available-for-sale securities	-1,506	-
Foreign currency translation adjustment	75,595	-5,889
Share of other comprehensive income of entities accounted for using e	213	-269
Total other comprehensive income	74,302	-6,158
Comprehensive income	225,817	-2,430
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	225,817	-2,430
Comprehensive income attributable to non-controlling interests	-	-

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2017 to September 30, 2017)	First six-month period of current fiscal year (April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	234,187	58,132
Depreciation and amortization	181,936	199,258
Amortization of goodwill	15,887	15,887
Increase (decrease) in allowance for doubtful accounts	11,179	-4,005
Increase (decrease) in provision for bonuses	10,692	11,350
Increase (decrease) in provision for directors' bonuses	16,427	214
Increase (decrease) in Provision for stocks payment	9,581	10,223
Decrease (increase) in net defined benefit asset	2,674	1,342
Increase (decrease) in net defined benefit liability	231	-3,033
Interest and dividend income	-2,157	-5,432
Interest expenses	14,773	16,545
Commission fee	7,324	15,031
Share of loss (profit) of entities accounted for using equity method	3,534	-
Bond issuance cost	8,545	-
Loss (gain) on sales of non-current assets	-	-1,217
Loss on retirement of non-current assets	8,064	223
Loss (gain) on liquidation of subsidiaries	-	-3,070
Loss (gain) on sales of investment securities	-1,512	-
Decrease (increase) in notes and accounts receivable - trade	-100,071	99,543
Decrease (increase) in inventories	-136,303	-475,943
Decrease (increase) in accounts receivable - other	71,683	-44,225
Increase (decrease) in notes and accounts payable - trade	10,926	261,871
Increase (decrease) in accounts payable - other	6,725	301,885
Increase (decrease) in advances received	-17,720	92,539
Other, net	4,257	-23,711
Sub total	<u>360,869</u>	<u>382,708</u>
Interest income received	2,157	5,610
Proceeds from compensation for expropriation	-	243,000
Interest expenses paid	-14,679	-16,139
Commission fee paid	-7,324	-15,031
Income taxes paid	-28,715	-58,725
Net cash provided by (used in) operating activities	<u>312,307</u>	<u>541,422</u>
Cash flows from investing activities		
Payments into time deposits	-24,049	-
Proceeds from withdrawal of time deposits	-	129,653
Proceeds from sales of investment securities	1,082	-
Purchase of property, plant and equipment	-109,275	-204,248
Proceeds from sales of property, plant and equipment	-	1,217
Payments for retirement of property, plant and equipment	-410	-
Purchase of intangible assets	-47,613	-29,013
Payments of loans receivable from subsidiaries and associates	-8,429	-
Collection of long-term loans receivable	-	54,639
Payments for lease and guarantee deposits	-29,828	-662
Proceeds from collection of lease and guarantee deposits	15,002	2,838
Other, net	2,175	-9,979
Net cash provided by (used in) investing activities	<u>-201,347</u>	<u>-55,555</u>

Consolidated Financial Statements

(3) Consolidated Statements of Cash Flows

(Thousands of Yen)

	First six-month period of previous fiscal year (April 1, 2017 to September 30, 2017)	First six-month period of current fiscal year (April 1, 2018 to September 30, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	-1,460,000	200,000
Proceeds from long-term loans payable	600,000	400,000
Repayments of long-term loans payable	-199,899	-359,004
Proceeds from issuance of bonds	590,770	-
Redemption of bonds	-61,600	-121,600
Purchase of treasury shares	-99,992	-17
Proceeds from disposal of treasury shares	6,551	944
Proceeds from issuance of common shares	-	670,044
Repayments of lease obligations	-12,666	-14,712
Cash dividends paid	-104,879	-104,991
Net cash provided by (used in) financing activities	-741,715	670,661
Effect of exchange rate change on cash and cash equivalents	8,508	13,167
Net increase (decrease) in cash and cash equivalents	-622,246	1,169,695
Cash and cash equivalents at beginning of period	2,783,016	2,875,892
Cash and cash equivalents at end of period	2,160,769	4,045,588